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## **Factors Affecting Employee Retention: Proposing an Original Conceptual Framework**

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**Abstract:**

**Purpose:** The purpose of the present empirical study is to examine the factors that have an impact on the turnover intention of European employees, with an emphasis on the mediating role of working conditions.

**Design/Methodology/Approach:** This study follows a quantitative approach. An original conceptual framework (research model) has been developed and empirically tested, using primary data collected from employees in five different European countries.

**Findings:** The study, among others, underlines the huge impact of employee commitment and job satisfaction on increasing the intention of employees to stay in the same company, while it also highlights the mechanism that impacts employee retention.

**Practical Implications:** The study suggests that companies should build supportive working relationships, good organizational climate, and develop supportive HR practices. Retention can be indirectly influenced by focusing on the overall conditions of the workplace (e.g., work environment, supervisor support) and on HR initiatives (e.g., career opportunities).

**Originality/value:** The proposed conceptual framework synthesizes the finding of numerous previous studies, offering a holistic approach that can enhance the understanding about the issue of employee retention. It categorizes the antecedents of retention in three dimensions; tangible, intangible and strategic. Finally, the present study collects empirical data from five European countries, an approach rarely adopted in the existing literature.

**Keywords:** Employee Retention, HR Practices, Working conditions, Work Attitudes, Empirical study, Structural Equation Modeling (SEM).

**JEL classification:** M12, M52, J28.

**Paper Type:** Research study.

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## 1. Introduction

In the modern economy of rapid technological advancements (e.g., machine learning, artificial intelligence, blockchain, industry 5.0, etc.), in which knowledge constitutes one of the most valuable organizational resources, the need to retain skilled employees becomes more and more persistent (Narayanan *et al.*, 2019; Khan *et al.*, 2021). In that context, organizations constantly compete on retaining their employee base and avoid high turnover rates (Kim *et al.*, 2020). The continuous loss of intellectual capital can be a fatal blow to any organization, especially in a world of constant chance and volatility (see, covid-19 crisis).

Retaining the best talent and skill is of great importance, since it limits numerous costly processes, such as recruitment, selection, replacement and training (Tymon *et al.*, 2011). Turnover of skilled employees has been a managerial issue for decades, yet it is still a rather costly and vague problem (Fauzi *et al.*, 2013). Things are getting even more challenging as “millennials,” which are a main percentage of the total global workforce, are deemed as serial “job-hoppers” (Narayanan *et al.*, 2019), making their retention a more difficult enigma to solve. Moreover, the relative shortage of human capital, especially in certain technological sectors, has increased the competition for employees with applied skills (Arasanmi and Krishna, 2019).

Under this context, the purpose of this empirical study is to examine which factors are the most significant determinants of employee retention in European countries. In that direction, a literature review analysis was conducted, revealing the multitude of factors that have been examined in the literature. Despite that, studies that adopt a more holistic approach, focusing on the broader picture, are limited. This study is a synthesis of previous empirical work, aspiring to propose a coherent research model that captures the phenomenon of retention on its broad sense.

As such, the study focuses on building an original conceptual framework that takes a broader view on the retention enigma. It does not only focus on a limited number of factors (e.g., like Naz *et al.*, 2020 and Steil *et al.*, 2020), but synthesizes existing knowledge in order to reveal what is actually more important for enhancing retention. Moreover, the present study focuses on internal factors, that organizations can really influence, and not on employee characteristics (e.g., like Alhmoud and Rjoub, 2020) that are beyond their reach. This approach has been adopted by numerous previous empirical attempts, published in esteemed journals (e.g., Bharadwaj and Yameen, 2020; Kim *et al.*, 2020; Khan *et al.*, 2021; Choi, 2020; Steiner *et al.*, 2020).

The proposed conceptual framework focuses on three main antecedents of employee retention: (a) Human Resource (HR) Practices, (b) Working conditions and (c) Mission and orientation. Each dimension includes several factors. For example HR Practices include five factors: (a1) Training and development, (a2) Remuneration and rewards, (a3) Career opportunities, (a4) Performance appraisal, (a5) Empowerment.

The main argument of the present study is that employee retention is influenced by three main areas of the workplace. These are: (a) the explicit practices that companies build in order to manage their human resources (HR Practices - tangible dimension), (b) the overall working conditions, that are an integrated part of everyday employee life (Working conditions - intangible dimension), (c) the mission and the orientation of the company, that may or not be aligned with the core values of its employees (Mission and orientation - dimension of strategic fit). The existing literature has never adopted a similar view.

According to the rationale of this study, these three dimensions have an indirect effect on employee retention. This effect is fully mediated through four factors that represent the “Work attitudes” of employees. These four factors are: (a) Organizational identification, (b) Employee engagement, (c) Employee commitment, and (d) Job satisfaction.

In summary, this study argues that employee retention is influenced indirectly by three dimensions, or set of practices, that companies can control. These dimensions have a direct effect on the work attitudes of their employees. Finally, these attitudes are the ones that have a direct effect on employee retention. This mechanism, fully depicted in Figure 1, can offer a better understanding of the variance in employee retention, since it describes a logical causality between concepts.

## 2. Brief Literature Review

As mentioned earlier, the basis for the development of the proposed conceptual framework of the present study was an analytical review of the relevant literature. The results of this analysis revealed several gaps, some of which this study attempts to bridge. More specifically, the literature lacks holistic approaches that incorporate various concepts that have a direct and indirect effect of employee retention. Also, samples are usually national, limiting generalizability in broader contexts.

Table 1 summarizes an indicative list of several previous studies. All the studies that are included in Table 1 adopt a quantitative approach, using structured questionnaires in order to collect the appropriate empirical data. Moreover, they all use regression analysis or the Structural Equation Modeling technique. The factors used in these studies focus on specific organizational areas, failing to draw a broader picture.

For example, Haldorai *et al.* (2019) examined turnover intentions of hotel employees, using the pull-push-mooring system. Results revealed that a part of the push factors (work overload, interpersonal tension and emotional labor) are positive indicators of employee turnover, whereas push factors (work load and low pay) surprisingly are not. Kashyap and Verma (2019) explored the effect of the dimensions of employer branding (social, economic, etc.) on employee turnover intentions in the IT sector of India. Results demonstrated that employer brand in positively affecting employee retention.

**Table 1.** Indicative list of previous studies

Study	Sample	Antecedents of retention
Chung <i>et al.</i> , 2021	302 undergraduates and graduate students in the field of hospitality	Customer incivility, Job Stress Perceived Supervisor Support, Perceived Co-worker Support
Ikram <i>et al.</i> , 2021	377 faculty members of 19 higher education institutions	HR involvement in branding process, Training, Internal communication, Internal CSR
Vui-Yee and Paggy, 2020	153 Gen Y employees	Task characteristics, Knowledge characteristics, Work fulfillment
Kim <i>et al.</i> , 2020	203 employees of a casino hotel	Employee perceptions of CSR, Relationship between an Organization & its employees
Frye <i>et al.</i> , 2020	Generation Y employees	Work environment, Job satisfaction, Empowerment pay, Relationships with managers, Employee commitment
Book <i>et al.</i> , 2019	373 employees of a hotel and casino resort	Leader satisfaction, Loyalty
Bangwal and Tiwari, 2019	311 questionnaires from employees luxury hotels	Workplace design features of hospitality industry, Employee job satisfaction
Haldorai <i>et al.</i> , 2019	308 five-star hotel employees	Work overload, Interpersonal tension, Emotional labor, Pay, Social status, Travel opportunities, Opportunity to meet people, Community fit, Personal reasons
Kashyap and Verma, 2019	380 executives from all hierarchical levels	Social value, Interest value, Economic value, Development value
Jha, 2019	337 managers in the telecom industry	Psychological safety, Psychological empowerment
Ohunakin <i>et al.</i> , 2019	324 employees of six university guesthouses	Leadership, Job satisfaction, Life satisfaction
Dechawatanapaisal, 2018	702 salespeople employed by 15 construction companies	Internal branding, Brand orientation, Brand identification, Brand commitment
Fletcher <i>et al.</i> , 2018	1191 employees from seven organizations	Perceived training and development
Oh and Oh, 2017	375 employees	Authentic leadership, Affective commitment, Organizational size
Kundu and Lata, 2017	211 members of 67 enterprises	Organizational engagement, Supportive work environment
Saleem and Qamar, 2017	250 faculty members of private and public universities	Perceived alternative employment, Job satisfaction, Job involvement, Organizational commitment
Presbitero <i>et al.</i> , 2016	258 employees in outsourcing companies	HRM practices, Compatibility between employees, Organizational values

*Source:* Own study.

Frye *et al.* (2020) studied the intention of Generation Y employees to remain in that same industry. Empirical results showed that “work environment” followed by “pay”, “empowerment” and “relationships with managers” are the factors that influence the most the retention of employees. Oh and Oh (2017) tested a mediation model on a group of 375 people employed in South Korean enterprises. They examined the effect of authentic leadership on affective commitment and employee turnover intentions. Evidence revealed that authentic leadership is more possible to positively affect employee commitment and, therefore, retention in smaller organizations.

### **3. Research Hypotheses**

The present paper developed a conceptual framework that is expected to offer reliable information as to which factors affect employee retention. An extensive literature review, conducted via Scopus, led to an extensive list of the factors that have been used in order to predict employee retention. These factors were separated into groups, according to their relevance and categorized accordingly. Then, the focus group methodology was used in order to select the more relevant ones.

The proposed conceptual framework consists of four dimensions, which include sixteen (16) factors. The four dimensions are (see Figure 1): (a) Human Resource Practices (five factors), (b) Working conditions (five factors), (c) Mission and orientation (two factors), (d) Work attitudes (four factors). Finally employee retention is the final dependent factor of this study.

#### **3.1 HR Practices and Work Attitudes**

The following hypotheses examine the relationship between “HR practices” and the four factors of the dimension “Work attitudes”.

##### ***3.1.1 HR Practices and Organizational identification***

A study conducted by Patel and Conklin (2010) provides evidence that HR practices positively influence the organizational identification of employees, by making sure that they are feeling satisfied with their remuneration and career opportunities, as well as with the available training opportunities. Making sure that the workforce has positive feelings about their day-to-day experience, leads to higher identification with the image and reputation of the firm, as well as with the organizational values and goals (Edwards and Cable, 2009; Presbitero *et al.*, 2016).

***Hypothesis 1:*** HR practices have a positive impact on organizational identification.

##### ***3.1.2 HR practices and Employee engagement***

Shuck *et al.* (2011a) examined what happens when employees feel empowered and safe in their work environment, when they are adequately rewarded, when they are given the opportunity to develop their skills and when they feel like their career opportunities are promising. When all these conditions are true, according to Shuck *et*

*al.* (2011a), employees tend to develop a feeling of belonging to something bigger. That particular feeling is what makes them feel connected to their organization and increases their level of engagement (Shuck *et al.*, 2011a; Book *et al.*, 2019).

**Hypothesis 2:** HR practices have a positive impact on employee engagement.

### **3.1.3 HR practices and Employee commitment**

Past research (e.g., Chew and Chan, 2008) has shown that training and development, as an HR practice, develops a fulfilling effect on the psychology of the employees, an effect that urges them to commit to their organization. Empowerment, training opportunities, a solid mentoring approach and satisfying rewards are strongly related to employee commitment, since they keep employees happy with their employment choice (Kashyap and Verma, 2019; Upadhyaya and Ayari, 2019).

**Hypothesis 3:** HR practices have a positive impact on employee commitment.

### **3.1.4 HR practices and Job satisfaction**

Frye *et al.* (2020) argue that training and performance appraisal influence the level of job satisfaction, since employees tend to perform better and consequently be more satisfied from their job. Furthermore, empowering organizational practices have also been found to significantly increase the overall level of job satisfaction, mainly because employees build higher confidence in their skills (Skelton, *et al.*, 2019).

**Hypothesis 4:** HR practices have a positive impact on job satisfaction.

## **3.2 Working Conditions and Work Attitudes**

The following hypotheses examine the relationship between “Working conditions” and the four factors of the dimension “Work attitudes”.

### **3.2.1 Working conditions and Organizational identification**

A safe and comfortable working environment, a pleasant climate between employees and between employees and supervisors offers the ground for higher organizational identification, as employees feel that they have the strength and willingness to put in more effort towards fulfilling the vision of the organization, while always acting according to its values (Edwards and Cable, 2009; Vondey, 2010).

**Hypothesis 5:** Working conditions have a positive impact on organizational identification.

### **3.2.2 Working conditions and Employee engagement**

Shuck *et al.* (2011b) describe employee engagement as a connection to a certain work environment. Peer group interaction, organizational environment and work climate help developing a positive attitude towards the organization, leading to higher levels of employee engagement (Kundu and Lata, 2017, Shuck *et al.*, 2011b).

**Hypothesis 6:** Working conditions have a positive impact on employee engagement.

### **3.2.3 Working conditions and Employee commitment**

The positive effects of a pleasant working environment are often mentioned in the literature (e.g., Fletcher *et al.*, 2018). One of these effects is the enhancement of employee commitment. Specifically, it is suggested that when employees are feeling less fatigued and stressed, their commitment towards their organization increases (Chew and Chan, 2008). Also, well-structured employee-supervisor relationships and a positive climate between employees were found to develop a feeling of well-being, thus increasing the levels of commitment (Upadhyaya and Ayari, 2019).

**Hypothesis 7:** Working conditions have a positive impact on employee commitment.

### **3.2.4 Working conditions and Job satisfaction**

Skelton *et al.* (2019) found that the quality of the relationship between supervisors and employees positively influences job satisfaction. Frye *et al.* (2020) found that a working environment that is considered by the employees to be pleasant, positively influences their overall job satisfaction. The same goes for the actual quality of the workplace, that seems to have quite similar effects on employee job satisfaction, when it is perceived as desirable and enjoyable (Narayanan *et al.*, 2019).

**Hypothesis 8:** Working conditions have a positive impact on job satisfaction.

## **3.3 Mission and Orientation and Work Attitudes**

The following hypotheses examine the relationship between “Mission and orientation” and the four factors of the dimension “Work attitudes”.

### **3.3.1 Mission and orientation and Organizational identification**

According to Ashforth and Mael (1989), employees seem to identify more with their organization when they feel connected with its overall direction and mission. When employees fully adopt the company’s goals, the level of identification rises, leading to employees defending their organization against criticism and negative comments (Vondey, 2010). Overall, employees enjoy working in organizations with compatible core missions, since they feel that the objectives of their company are also their own personal objectives (Karatepe and Aga, 2016).

**Hypothesis 9:** Mission and orientation has a positive impact on organizational identification.

### **3.3.2 Mission and orientation and Employee engagement**

Employees who identify themselves with the mission and the overall values of their organization seem to demonstrate higher rates of engagement, since their increased level of job-fit also increases their level of engagement (Shuck *et al.*, 2011b). In the recent study of Hashim and Nor (2018), it is argued that employees who are oriented towards achieving the mission and vision of their organization demonstrate higher engagement rates.

**Hypothesis 10:** Mission and orientation has a positive impact on employee engagement.

### **3.3.3 Mission and orientation and Employee commitment**

Hanaysha (2016) discovered that employees work harder when they fully adopt the organizational mission, goals and values. Likewise, Ohunakin *et al.* (2019) showed that employees that embrace the ethical standards of their company honestly commit their energy towards achieving organizational goals.

**Hypothesis 11:** Mission and orientation has a positive impact on employee commitment.

### **3.3.4 Mission and orientation and Job satisfaction**

Frye *et al.* (2020) examined the concept of internal marketing of the organizational mission, goals and general direction towards the employees, concluding that it can be an effective way to enhance job satisfaction. Once the members of the staff were engaged and oriented towards the company's goals and ambitions, they seemed to be more satisfied with their current state of employment (Bu *et al.*, 2011).

**Hypothesis 12:** Mission and orientation has a positive impact on job satisfaction.

## **3.4 Work Attitudes and Employee Retention**

The following hypotheses examine the relationship between the four factors of the dimension “Work attitudes” and Employee retention.

### **3.4.1 Organizational identification and Employee retention**

Edwards and Cable (2009) found that high employee retention is achieved through maximizing organizational identification. This is due to the fact that employees build a “self-concept” very much linked to the image and character of their organization, something that make them feel that leaving their job would mean forsaking a part of their self (Presbitero *et al.*, 2016).

**Hypothesis 13:** Organizational identification has a positive impact on employee retention.

### **3.4.2 Employee engagement and Employee retention**

Employee engagement is considered to be a positive psychological attitude that often leads to other encouraging outcomes, such as satisfaction and commitment, all of which urge employees to feel safe, productive and finally choose to remain to the organization that offers all the above (Tymon *et al.*, 2011).

**Hypothesis 14:** Employee engagement has a positive impact on employee retention.

### **3.4.3 Employee commitment and Employee retention**

Previous studies (e.g., Nijhof *et al.*, 1998; Narayanan *et al.*, 2019) showed that organizational commitment can be somewhat predictive of employee turnover. These studies provided evidence that committed employees are less likely to shift between organizations, as they feel they are losing a part of themselves in the process. On the contrary, the lack of commitment could be reason enough for some employees to make the decision to leave (Bu *et al.*, 2011).

**Hypothesis 15:** Employee commitment has a positive impact on employee retention.

### **3.4.4 Job satisfaction and Employee retention**

According to Bangwal and Tiwari (2019), satisfied employees experience decreased turnover intentions. According to numerous other studies (e.g., Fauzi, *et al.*, 2013; Aydogdu and Asikgil, 2011), employees who are satisfied with their working hours, their work environment and the overall characteristics of their job are less likely to leave the organization, once they feel comfortable and at ease.

**Hypothesis 16:** Job satisfaction has a positive impact on employee retention.

Figure 1 presents the proposed conceptual framework of this study, which focuses on the causal relationships between the various research factors.

## **4. Methodology**

### **4.1 Population and Sample**

The present study is empirical, explanatory, deductive and quantitative. The proposed conceptual framework (presented in Figure 1) was empirically tested on a sample of employees from five different European countries (Greece, Germany, Italy, Spain and Denmark). The target-population consisted of employees of all ages, hierarchy levels and sectors of employment that have an immediate supervisor.

### **4.2 Measures**

In order to collect the primary data of the study, an original, structured questionnaire was developed in the basis of an extensive literature review (see the Appendix for the items used in the study). The questionnaire was divided into two parts. The first part gathered general information about the respondents. The second part included 93 items that were used for the measurement of the seventeen (17) research factors.

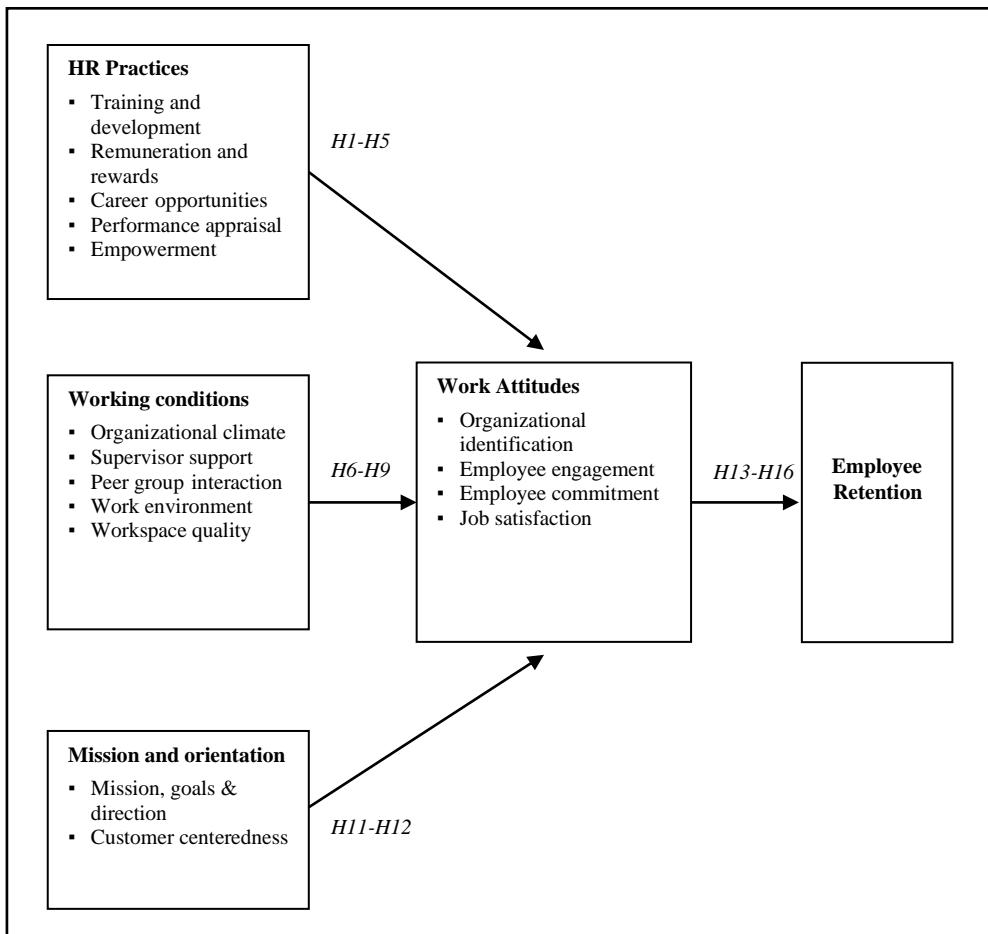
All items were measured using a five-point Likert scale, ranging from one (Totally disagree) to five (Totally agree). Table 2 demonstrates these factors, the items used for their measurement and the studies from which they were adapted.

### **4.3 Data Collection**

The questionnaire was uploaded online, via Google Forms, and was shared to blogs and social media platforms of five different countries (Greece, Germany, Italy, Spain and Denmark). The questionnaire was also translated in the five respective languages, using professional translators (the funding of the study was used in that direction). The targeted online groups were related to business, professional and other similar thematic areas. All possible actions were taken to support the reliability of the study

(the privacy of all personal information of the participating employees was ensured, all names and contact information of the research group members were mentioned, the academic nature of the survey was highlighted).

**Figure 1.** The proposed conceptual framework of the study



*Source:* Own study.

**Table 2.** Factor measurement

Factors	No. of Items	Adapted from:
Training and development	6	Fletcher <i>et al.</i> , 2018, Bibi <i>et al.</i> , 2018
Remuneration and rewards	6	Presbitero <i>et al.</i> , 2016, Bibi <i>et al.</i> , 2018, Frye <i>et al.</i> , 2020
Career opportunities	5	Presbitero <i>et al.</i> , 2016
Performance appraisal	4	Chew and Chan, 2008, Moncarz <i>et al.</i> , 2009
Empowerment	6	Frye <i>et al.</i> , 2020
Organizational climate	6	Kundu and Lata, 2017

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Supervisor support	6	Kundu and Lata, 2017, Newman, <i>et al.</i> , 2012, Tymon <i>et al.</i> , 2011
Peer group interaction	3	Kundu and Lata, 2017
Work environment	7	Frye <i>et al.</i> , 2020
Workspace quality	5	Gentry <i>et al.</i> , 2007
Mission, goals and direction	4	Moncarz <i>et al.</i> , 2009
Customer centeredness	4	Moncarz <i>et al.</i> , 2009
Organizational identification	5	Bao and Zhong, 2019
Employee engagement	8	Fletcher <i>et al.</i> , 2018
Employee commitment	7	Frye <i>et al.</i> , 2020
Job satisfaction	5	Frye <i>et al.</i> , 2020
Employee retention	6	Presbitero <i>et al.</i> , 2016, Kundu and Lata, 2017, Haldorai, <i>et al.</i> , 2019
<b>Total number of items</b>	<b>93</b>	

*Source:* Own study.

In order to participate in this survey, all participants had to be working in companies with at least twenty (20) enrolled employees. General directors and company owners were excluded from the sample, as they do not have supervisors and therefore, they did not comply with the standards of the study.

Data collection took place over a period of six months (December 2020 - May 2021) and resulted in 1.350 valid questionnaires. For this study, 150 questionnaires from each country were randomly selected (using a random number generator software) and included in the final sample of 750 participants.

#### 4.4 Validity and Reliability

Each of the research factors was evaluated for its unidimensionality and reliability (see Table 3). The examination of the unidimensionality was conducted with the use of Explanatory Factor Analysis (EFA). Moreover, for estimating the reliability of every factor, the statistical measure ‘Cronbach Alpha’ was calculated.

Additionally, second-order factor analysis was conducted, treating the various sub-factors of every dimension as items. For example, organizational climate, supervisor support, Peer group interaction, work environment and workspace quality were used as items when calculating the validity and reliability of the dimension “Working conditions”.

All appropriate tests, some of which are presented in Table 3 (e.g., the statistical test of “Kaiser-Mayer-Olkin” and the Total Variance of every factor), concluded that the scales used for the measurement of all the research factors are considered to be valid and reliable (Fabrigar and Wegener, 2011).

**Table 3.** Validity and reliability

Factors	KMO	Bartlett's Test	Eigen-value	TVE	Cronbach Alpha
Training and development	0,855	2.006,3*	3,781	63,011%	0,880
Remuneration and rewards	0,895	2.109,5*	3,940	65,662%	0,888
Career opportunities	0,870	1.522,4*	6,508	68,423%	0,844
Performance appraisal	0,780	1.030,1*	1,781	66,041%	0,894
Empowerment	0,895	2.108,4*	4,076	67,927%	0,904
<i>Second-Order EFA: HR Practices</i>	<i>0,853</i>	<i>1.535,2*</i>	<i>3,335</i>	<i>66,705%</i>	<i>0,872</i>
Organizational climate	0,834	1.003,2*	3,071	51,185%	0,804
Supervisor support	0,913	3.041,8*	4,622	77,041%	0,940
Peer group interaction	0,738	74,843*	2,543	67,437%	0,730
Work environment	0,928	3.042,6*	4,965	70,925%	0,891
Workspace quality	0,781	1.359,9*	3,207	53,449%	0,822
<i>Second-Order EFA: Working conditions</i>	<i>0,854</i>	<i>1.655,3*</i>	<i>3,420</i>	<i>68,404%</i>	<i>0,878</i>
Mission, goals and direction	0,762	904,5*	2,554	63,859%	0,788
Customer centeredness	0,776	2.052,3*	3,382	67,631%	0,880
<i>Second-Order EFA: Mission and orientation</i>	<i>0,788</i>	<i>1.251,1*</i>	<i>3,911</i>	<i>71,545%</i>	<i>0,891</i>
Organizational identification	0,802	709,6*	2,481	74,455%	0,862
Employee engagement	0,778	1.511,5*	3,185	77,415%	0,866
Employee commitment	0,823	978,3*	3,784	69,454%	0,901
Job Satisfaction	0,903	2.870,3*	2,543	67,437%	0,945
<i>Second-Order EFA: Work Attitudes</i>	<i>0,851</i>	<i>2.265,0*</i>	<i>3,399</i>	<i>84,965%</i>	<i>0,937</i>
Employee retention	0,854	2.840,1*	4,226	70,439%	0,914

\*  $p < 0,001$

**Source:** Own study.

## 5. Empirical Results

### 5.1 Demographic Characteristics

The questionnaire that was used in this survey collected data about the demographic characteristics of the participants. These characteristics are presented in Table 4. In total, 750 questionnaires were used for the statistical analysis, out of the 1.350 valid questionnaires that were collected for this project.

Please, note that the present paper is just a segment of a funded research. As seen in Table 4, responses are distributed evenly between five countries; Greece, Germany, Italy, Spain, Denmark (20% from each country).

**Table 4. Demographic questions - Frequencies**

<b>Demographic questions</b>		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>
Country	Greece	150	20,0%	20,0%
	Germany	150	20,0%	20,0%
	Italy	150	20,0%	20,0%
	Spain	150	20,0%	20,0%
	Denmark	150	20,0%	20,0%
	<b>Total</b>	<b>750</b>	<b>100,0%</b>	<b>100,0%</b>
Gender	Male	377	50,27%	51,93%
	Female	349	46,53%	48,07%
	<b>Total</b>	<b>726</b>	<b>96,80%</b>	<b>100,00%</b>
Educational level	Vocational Technical School	102	13,60%	13,97%
	University degree	456	60,80%	62,47%
	Post-graduate degree	172	22,93%	23,56%
	<b>Total</b>	<b>730</b>	<b>97,33%</b>	<b>100,00%</b>
Years of working experience	1-5	321	42,8%	43,6%
	6-10	233	31,1%	31,7%
	11-15	105	14,0%	14,3%
	More than 15	77	10,3%	10,5%
	<b>Total</b>	<b>736</b>	<b>98,1%</b>	<b>100,0%</b>
Sector of employment	Primary sector	49	6,53%	6,81%
	Manufacturing	243	32,40%	33,75%
	Services	326	43,47%	45,28%
	Information and communication technology	102	13,60%	14,17%
	<b>Total</b>	<b>720</b>	<b>96,00%</b>	<b>100,00%</b>

*Source:* Own study.

The sample consists of 51,93% males and 48,07% females. Participants had different levels of educational background (13,97% Vocational Technical School, 62,47% University degree, 23,56% Post-Graduate degree), something which is consistent with the corresponding percentages in European countries. Also, most respondents had less than 10 years of experience, with a mean age score of 39,41 years. Due to the nature of the data collection process (via forums and social networks), it is reasonable that mostly younger employees participated in this survey. Finally, few participants were employed in the primary sector (6,81%), with most of them being employed in services (45,28%) and manufacturing (33,75%).

## 5.2 Mean Scores

The mean score of employee retention is over the value of 3 (on a five-point Likert-scale, with 5 being the maximum level of agreement), while most values are also above the middle of the response scale. Overall, the present paper has little concern about mean scores and demographics, since its main objective is the examination of

causal relationships between various factors.

**Table 5. Mean scores**

Dimensions / Factors	Mean*	Std. Deviation
(A) <i>First Dimension:</i> HR practices		
A1. Training and development	3,44675	0,832944
A2. Remuneration and rewards	3,42393	0,805153
A3. Career opportunities	3,48175	0,746198
A4. Performance appraisal	3,36667	0,848646
A5. Empowerment	3,57919	0,764712
(B) <i>Second Dimension:</i> Working conditions		
B1. Organizational climate	3,59951	0,648453
B2. Supervisor support	3,78300	0,789614
B3. Peer group interaction	3,65105	0,628061
B4. Work environment	3,74021	0,778863
B5. Workspace quality	3,50000	0,811934
(C) <i>Third Dimension:</i> Mission and orientation		
C1. Mission, goals and direction	3,66649	0,730135
C2. Customer centeredness	3,77663	0,713693
(D) <i>Fourth Dimension:</i> Work attitudes		
D1. Organizational identification	3,75189	0,821370
D2. Employee engagement	3,86639	0,658551
D3. Employee commitment	3,49657	0,840503
D4. Job satisfaction	3,76263	0,775616
(E) <i>Main dependent factor:</i> Employee retention	3,61822	0,900783

\* Measured in a 5-point Likert scale

**Source:** Own study.

### 5.3 Hypotheses Testing

The examination of the proposed conceptual framework (hypothesis testing) was conducted using the Structural Equation Modeling technique (SEM). In more detail, it was decided to run a hybrid model, in which the three independent dimensions were represented as coherent structures (and not as separate factors), while the dimension “Work attitudes” was represented by its four factors. It was considered that this approach would allow for a clearer presentation of the final result, avoiding the extraction of a complex model with numerous causal paths.

In that direction, various models were analytically examined. Employee engagement failed to have a direct effect on employee retention and was, thus, removed from the modified model. Overall, the (modified) structural model fitted the data well, while the factors that were examined explained 57% of the variance of the main dependent factor “employee retention”. Also the variance of all three remaining mediators was successfully explained (Organizational identification: 80%, Employee commitment:

56%, Job satisfaction: 58%).

It must be underlined that two new paths were added to the structural model, based on modification indexes of IBM AMOS (Employee commitment → Job satisfaction, Employee commitment → Organizational identification). This resulted in a model with slightly improved fit and explanatory (predictive) power.

As it is shown in Table 6, all extracted fit values are within acceptable levels. Table 7 also demonstrates the overall findings concerning the original hypotheses and the new proposed causal relationship, while Table 8 shows the direct, indirect and total effects between the research factors. Figure 2 demonstrates the final structural model (research model) (after all necessary modifications), along with the path coefficients ( $r$ ) and the adjusted  $R^2$  scores.

In synopsis, results offer support to eleven (11) research hypotheses, while five (5) hypotheses are rejected by the empirical data (H2, H6, H10, H11, and H14).

The rejection of Hypothesis 14 (Employee engagement → Employee retention) led to the removal of “employee engagement” from the model, despite the fact that the initial analysis revealed that the three independent dimensions of this study (HR practices, Working conditions, Mission and orientation) had a statistically significant impact on this factor. The removal of employee engagement from the final structural model was due to the fact that the present study examines the factors that have an effect on employee retention; and employee engagement does not. Therefore, three causal paths were removed from the final model, despite their statistical significance (HR practices → Employee engagement, Working conditions → Employee engagement, Mission and orientation → Employee engagement).

That result comes in contrast with previous studies. For example, Hashim and Nor (2018) mention that engaged employees work hard in order to lead their organization to success. Also, these employees are much less probable to leave their organization. Shuck *et al.* (2011b) argue that companies invest in training and development in hope that employee engagement will increase and employees will be, therefore, motivated to remain in their current job.

It seems that, surprisingly, this is not the actual case for the employees of our sample. While employee commitment has a significant impact on retention, engagement has not. Employee engagement, in this study, is defined as the intention of employees to put additional effort in achieving the organizational goals. Employee commitment is defined as the degree to which employees identify with their organization, on a deep personal level. The failure to establish a relationship between employee engagement and employee retention may be attributed to the following three reasons:

Firstly, employees might do their job effectively and passionately, not because they love their current company, but because they enjoy the nature of their job. Once a

better employment opportunity appears (e.g., higher wage, proximity to home, etc.), these employees will not hesitate to take it. Under that context, an employee might be highly engaged and, at the same time, be willing to change employers.

Secondly, the present study might have used a poor operationalization of engagement. As mentioned in Table 2 and presented in the Appendix of the paper, the scale for its measurement was adopted from Fletcher *et al.* (2018). More specifically, eight of the twelve items proposed by Fletcher *et al.* (2018) were used. As such, there might be something missing from the measurement of the factor in this study. Despite that, future studies are urged to look more carefully into the operationalization (measurement) of engagement. This point gets more pressing, since numerous different definitions have been attributed to the concept of engagement by previous studies (e.g., Andrew and Sofian, 2012; Men *et al.*, 2020).

Thirdly, employee engagement might have a moderating effect on retention and not a direct one, as hypothesized in this study. Heriyati and Ramadhan (2012) found that there is no significant influence of engagement on retention; the same as the present study. They also examined the moderating effect of engagement in the relationship between employee satisfaction and retention and failed to establish empirical support. Despite that, future studies should look more into the possible moderating effects of employee engagement.

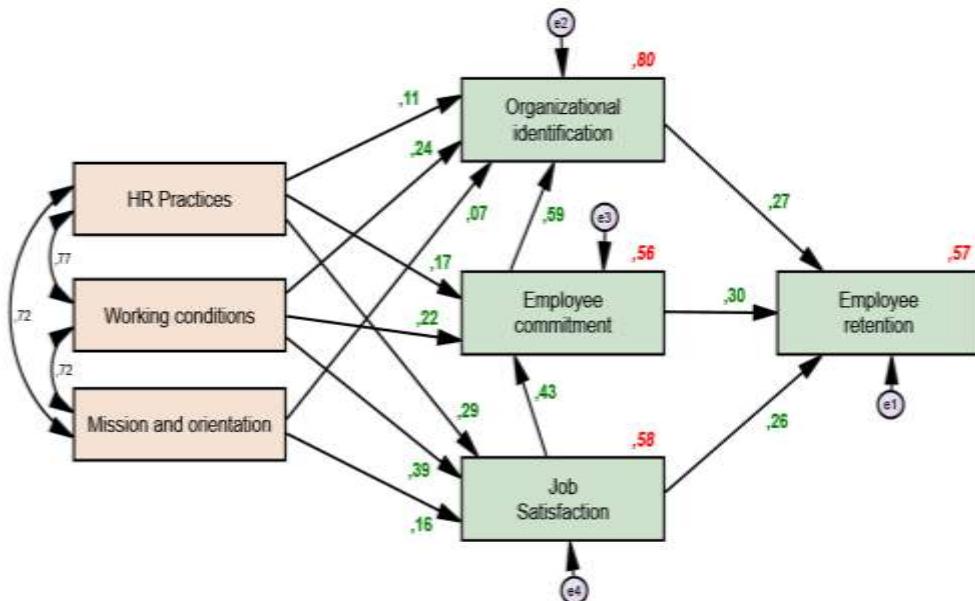
What is evident from the analysis of the empirical results, is that the three independent dimensions included in this study (HR practices, Working conditions, Mission and orientation) indirectly affect employee retention, with the three factors representing the dimension of “Work attitudes” (organizational identification, employee commitment, job satisfaction) fully mediating this relationship. The effectiveness of the proposed conceptual framework is, moreover, depicted in its ability to satisfactorily capture the variance of the mediators ( $R^2$  are schematically presented in Figure 2). Therefore, the main argument of this study is supported by the empirical data.

According to these findings, employee retention is influenced by three main areas of the workplace: a tangible (HR Practices), and intangible (Working conditions) and a strategic (Mission and orientation). Despite that, “Mission and orientation” has a very small, though statistically significant, impact on retention ( $r=0,089$ ). Hence, the first two dimensions are found to be the most important determinants of retention.

In detail, the indirect effect of HR Practices on employee retention is  $r=0,237$ , while the indirect effect of Working conditions on the same factor is  $r=0,339$ . That finding indicates that the five factors that were used in order to capture the dimension of “Working conditions” (Organizational climate, Supervisor support, Peer group interaction, Work environment, and Workspace quality) are extremely significant for organisations that want to retain their employees for a long time. The same applies for the five factors capturing HR practices (Training and development, Remuneration and rewards, Career opportunities, Performance appraisal, Empowerment). As such,

this study offers specific guidelines to organisations. It seems that the retention of European employees depends upon building a supportive working environment, with good climate and healthy relations between employees. HR practices come next.

**Figure 2.** SEM Results (all paths are statistically significant).



Source: Own study.

**Table 6.** SEM Results - Fit indices and Squared Multiple Correlations

Model Fit Summary		Squared Multiple Correlations (R <sup>2</sup> )	
		Estimate	
Normed X <sup>2</sup>	4,158	Employee commitment	
RMR	0,008	0,558 / 55,8%	
GFI	0,988	Job satisfaction	
CFI	0,994	0,580 / 58,0%	
RMSEA	0,082	Organizational identification	
		0,801 / 80,1%	
		Employee retention	
		0,569 / 56,9 %	

Source: Own study.

**Table 7.** SEM Results - Hypothesis testing

Hypothesis testing						
Path			r	p	Result	
H1	HR Practices	→	Organizational identification	0,106	0,003	Accepted
H2	HR Practices	→	Employee engagement	-	-	Removed*
H3	HR Practices	→	Employee commitment	0,169	0,000	Accepted

<b>Hypothesis testing</b>						
<i>H4</i>	HR Practices	→	Job satisfaction	0,289	0,000	Accepted
<i>H5</i>	Working conditions	→	Organizational identification	0,239	0,000	Accepted
<i>H6</i>	Working conditions	→	Employee engagement	-	-	Removed*
<i>H7</i>	Working conditions	→	Employee commitment	0,217	0,000	Accepted
<i>H8</i>	Working conditions	→	Job satisfaction	0,386	0,000	Accepted
<i>H9</i>	Mission and orientation	→	Organizational identification	0,068	0,032	Accepted
<i>H10</i>	Mission and orientation	→	Employee engagement	-	-	Removed*
<i>H11</i>	Mission and orientation	→	Employee commitment	-	-	Rejected
<i>H12</i>	Mission and orientation	→	Job satisfaction	0,156	0,000	Accepted
<i>H13</i>	Organizational identification	→	Employee retention	0,271	0,000	Accepted
<i>H14</i>	Employee engagement	→	Employee retention	-	-	Rejected
<i>H15</i>	Employee commitment	→	Employee retention	0,296	0,000	Accepted
<i>H16</i>	Job satisfaction	→	Employee retention	0,256	0,000	Accepted
<i>* These causal paths were removed from the structural model, because “employee engagement” does not have an effect on “employee retention” and was, hence, removed from the model.</i>						
<b>Newly proposed relationships</b>						
<b>Path</b>					<b>r</b>	<b>p</b>
	Job satisfaction	→	Employee commitment	0,434	0,000	New path
	Employee commitment	→	Organizational identification	0,588	0,000	New path

**Source:** Own study.

As seen on Table 8, two of the three mediators used in this study, namely employee commitment and job satisfaction both have an equally significant impact on retention ( $r=0,455$  and  $r=0,454$ , respectively).

Moreover, satisfaction directly affects commitment, something that is line with the findings of previous empirical studies (e.g., Mitonga-Monga, 2018; Nanjundeswaraswamy, 2021), while commitment affects organizational identification, something that has find very limited support in the literature.

According to Gautam *et al.* (2004), there is some overlap between the concepts of commitment and identification. Identification depends on the perceived similarity and shared fate between the employee and the organization, while commitment develops in the basis of exchange-based factors (e.g., remuneration and rewards).

**Table 8.** Direct, Indirect and Total effects between research factors

		Organizational identification	Employee commitment	Job satisfaction	Employee retention
HR Practices	D	0,106	0,169	0,289	0,000
	I	0,173	0,125	0,000	0,237
	<b>T</b>	<b>0,279</b>	<b>0,294</b>	<b>0,289</b>	<b>0,237</b>
Working conditions	D	0,239	0,217	0,386	0,000
	I	0,226	0,167	0,000	0,339
	<b>T</b>	<b>0,465</b>	<b>0,384</b>	<b>0,386</b>	<b>0,339</b>
Mission and orientation	D	0,068	0,000	0,156	0,000
	I	0,040	0,068	0,000	0,089
	<b>T</b>	<b>0,108</b>	<b>0,068</b>	<b>0,156</b>	<b>0,089</b>
Organizational identification	D	-	0,588	0,000	0,271
	I	-	0,000	0,255	0,000
	<b>T</b>	<b>-</b>	<b>0,588</b>	<b>0,255</b>	<b>0,271</b>
Employee commitment	D	0,588	-	0,434	0,296
	I	0,000	-	0,000	0,159
	<b>T</b>	<b>0,588</b>	<b>-</b>	<b>0,434</b>	<b>0,455</b>
Job satisfaction	D	0,000	0,434	-	0,256
	I	0,255	0,000	-	0,197
	<b>T</b>	<b>0,255</b>	<b>0,434</b>	<b>-</b>	<b>0,454</b>

Source: Own study.

Previous studies, like the meta-analysis of Gautam *et al.* (2004), avoid raising the issue of causality between commitment and identification; meaning that they do not implicitly examine which factor influences which. In that vein, Van Knippenberg and Sleebos (2006) and Dávila and García (2012) only examine the intercorrelation between commitment and identification.

Moreover, in the one hand, Gupta (2017) perceives identification as an antecedent of commitment while on the other hand, Keh and Xie (2009) do the exact opposite. The present study argues that employees who are highly committed to their organization may also experience increased levels of identification (Hassan, 2012).

Summing up the few previous paragraphs, the following points can be made: (a) the two mediators, employee commitment and job satisfaction, are the most significant determinants of retention, while the third mediator, organizational identification, also has an adequate direct effect ( $r=0,271$ ), (b) employee commitment and job satisfaction have both a direct and indirect effect on retention; which is exactly why their impact is higher than the one of organizational identification, (c) all these three mediators are important for enhancing employee retention, because of their intercorrelations; (d) more empirical research is needed in investigating the causality between commitment and identification, (e) the proposed model performs adequately well in exemplifying

the phenomenon of employee retention; therefore, future studies can also adopt its multidimensional rationale: antecedents → mediators → dependent factor.

## **6. Conclusions**

The present study attempted to examine the most significant determinants of employee retention in European countries. In that direction, it developed an original conceptual framework that was based on a synthesis of previous empirical work. The proposed framework, unlike most previous studies of the field, focuses on various organizational areas, attempting to grasp a complete and coherent view of the investigated phenomenon. Also, it focuses on factors that organizations can really have an impact on, and not on employee characteristics that are beyond managerial reach.

This study includes three (3) dimensions (HR Practices, Working conditions, Mission and orientation), or set of practices, each measured with various factors, which are perceived as the main antecedents of employee retention. According to the proposed conceptual framework, these dimensions have an indirect effect on retention. This effect is fully mediated through Work attitudes of employees (namely, organizational identification, employee engagement, employee commitment, job satisfaction).

Such an approach has rarely been adopted in the previous literature. It is considered useful for practitioners, since it underlines the areas in which managerial diligence should focus on. By enhancing the dimensions (and factors) affecting work attitudes, an organization can indirectly enhance the retention of its employees. Please note that work attitudes cannot be directly influenced by managers; e.g., job satisfaction cannot be increased by simply pushing a button. To increase job satisfaction, various actions need to be taken. These actions, or set of practices, are represented by the three indirect antecedents of this study (HR Practices, Working conditions, Mission and orientation).

Results raise the following conclusions: (a) Empirical data fully support the main argument of this study and validate its proposed conceptual framework. Indeed, organizations can increase the level of employee retention by focusing on the three indirect antecedents included in this study. More specifically, it is discovered that retention in the European continent depends upon supportive working relationships, good organizational climate, and carefully planned HR practices; (b) The predictive power of the conceptual framework is very satisfactory (retention is explained by 57%), meaning that the present empirical study successfully captured the variance of its main dependent factor (retention); (c) Employee engagement does not have an effect on employee retention. This result is surprising and comes in direct contrast with previous studies. It insinuates that employees might be engaged in the nature of their job and, at the same time, feel little engagement towards their organisation. Thus, they are prone to leave their job if a better offer appears; (d) Between the three mediators included in this study, employee commitment and job satisfaction have an equally significant impact on retention.

Additionally, all mediators are intercorrelated with one another, meaning that their individual enhancement has cumulative effects.

### **6.1 Limitations and Directions for Future Research**

Despite the fact that empirical data were collected from five European countries, no comparison between these countries was conducted. A future paper may especially focus on this issue. Moreover, various alternative models can be estimated, focusing on the effects of every factor included in the proposed model. For example, it would be interesting to examine exactly which factor of the dimension “HR practices” has the strongest impact on the mediators and the dependent factor of this study. Also, future studies are urged to use the multidimensional approach followed by this study (antecedents → mediators → dependent factor), offering validation in other contexts (e.g., different geographical regions). This would offer the chance to compare results and draw more coherent conclusions.

A methodological limitation of this study is the use of self-reported scales for the measurement of its research factors. As such, results may be limited, to some degree, by the level of objectiveness of participants. Future research could establish both subjective (self-reported) and objective measures in order to capture each factor.

Moreover, the present study failed to find empirical support for the relationship between employee engagement and retention. Despite the use of a validated measurement scale (Fletcher *et al.*, 2018), this unexpected finding may be attributed to the poor operationalization of engagement. Therefore, future researchers are urged to look more carefully into its definition and measurement. Also, since the role of employee engagement in previous studies has not been clear (it has been used both as a mediator and a moderator), future work may focus on revealing its true nature.

Finally, this study found contradicting arguments in the literature, concerning the causality between employee commitment and organizational identification. More empirical research is, therefore, needed in investigating the nature of this relationship. In the present study, it is argued that commitment affects identification.

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## **APPENDIX: MEASUREMENT ITEMS**

### **HR PRACTICES**

**Training and development** (Fletcher *et al.*, 2018, Bibi *et al.*, 2018):

1. I am encouraged to develop new skills.
2. My line manager takes employee development seriously.
3. I have many opportunities for training and development.
4. Extensive training programs are provided for individuals in this job.
5. Employees in this job will normally go through training programs every few years.
6. There are formal training programs to teach new hires the skills they need to perform their jobs.

**Remuneration and rewards** (Presbitero *et al.*, 2016, Bibi *et al.*, 2018, Frye *et al.*, 2020):

1. The rewards and recognition I receive from this job are attractive.
2. The remuneration and rewards are fair.
3. I am satisfied with the income I receive.
4. I am satisfied with the benefits I receive.
5. This company has an attractive compensation system.
6. I receive reasonable pay, when compared to similar positions at other organizations.

**Career opportunities** (Presbitero *et al.*, 2016):

1. I have sufficient career development opportunities.
2. In this company, enough time and effort is spent on career planning.
3. I am given opportunities to develop skills needed for career progression.
4. There are enough opportunities for my career to progress in this organization.
5. Employees are offered more challenging work within the organization.

**Performance appraisal** (Chew and Chan, 2008, Moncarz *et al.*, 2009):

1. I am evaluated fairly, based on my performance.
2. In this company, performance is measured by quantifiable output or results-oriented measures.
3. In this company, feedback is provided in the form of numbers and it is quite evaluative.
4. This company has regularly scheduled employee-performance appraisal periods for employees.

**Empowerment** (Frye *et al.*, 2020):

1. My organization gives me the chance to try out some of my own ideas.
2. My organization gives me the chance to do the kind of work that I do best.
3. My organization allows me to make decisions on my own.
4. My organization gives me the chance to make use of my best abilities.
5. My organization gives me the chance to develop new and better ways to do my job.
6. My organization allows me to try something different.

## WORKING CONDITIONS

**Organisational climate** (Kundu and Lata, 2017):

1. Company management is open, supportive, and considerate.
2. Co-workers are trusting, friendly and co-operative.
3. Employees show concern for their work, try to get ahead and are involved in their work.
4. Employees have the proper background training and “know-how” to do what is expected of them to do.
5. Employees take part in decisions that affect their work situation.
6. Rewards such as promotions and salary increases are based on performance, rather than other considerations, such as favoritism.

**Supervisor support** (Kundu and Lata, 2017, Newman, *et al.*, 2012, Tymon *et al.*, 2011):

1. My supervisor really cares about my well-being.
2. My supervisor cares about my opinions.
3. My supervisor strongly considers my goals and values.
4. My supervisor gives me the support I need to do my job well.
5. My supervisor is willing to listen to my work-related problems.
6. My supervisor is fair to me.

**Peer group interaction** (Kundu and Lata, 2017):

1. Employees can collectively influence many important issues in their department.
2. Employees of the work group work closely together and during the same time frame.
3. One can share and discuss job-related issues with peers in their department.

**Work environment** (Frye *et al.*, 2020):

1. I am satisfied with working conditions of my job.
2. I am satisfied with the policies and practices toward employees of my company.
3. I am satisfied with the physical surroundings where I work.
4. I am satisfied with the pleasantness of the working conditions.
5. The physical working conditions of the job match my expectations.
6. My organization provides an environment in which I feel safe and secure.
7. I feel accepted and am treated with courtesy, listened to, and invited to express my thoughts and feelings.

**Workspace quality** (Gentry *et al.*, 2007):

1. Have access to enjoy outside view.
2. Private conversations with co-workers cannot be overheard.
3. Have access to natural day light in workspace.
4. Can enjoy fresh air in workspace.
5. Satisfied with the temperature in workspace.

## **MISSION AND ORIENTATION**

**Mission, goals and direction** (Moncarz *et al.*, 2009):

1. Team goals and objectives are communicated to employees across multiple departments.
2. This establishment has a mission statement that is clearly communicated to employees.
3. Team partnership is incorporated or implied in the mission statement and emphasized throughout the organization.
4. This establishment has a website that communicates to its employees the overall mission and/or the main guiding principles.

**Customer centeredness** (Moncarz *et al.*, 2009):

1. We have customer-quality assurance goals that are communicated to employees.
2. Individual employees are recognized for meeting customer-quality assurance goals.
3. Managers are recognized for meeting customer-quality assurance goals.
4. Work teams are rewarded / recognized for meeting customer-quality assurance goals.

## **WORK ATTITUDES**

**Organizational identification** (Bao and Zhong, 2019):

1. I feel strong ties with my current organization.
2. I experience a strong sense of belonging to this organization.
3. I feel proud to work for this organization.
4. I am sufficiently acknowledged in my current organization.
5. I am glad to be a member of this organization.

**Employee Engagement** (Fletcher *et al.*, 2018):

1. I speak highly of this organization to my friends.
2. This organization is known as a good employer.
3. I proud to tell others that I am a part of this organization.
4. I always do more than is actually required.
5. I try to help others in this organization whenever I can.
6. I try to keep abreast of current developments in my area.
7. I volunteer for things that contribute to the organization's objectives.
8. I frequently make suggestions to improve the work of my team/department.

**Employee commitment** (Frye *et al.*, 2020):

1. I really feel as if this company's problems are my own.
2. I feel a strong sense of "belonging" to my company.
3. I feel "emotionally" attached to this organization.
4. I would feel guilty if I left my organization now.
5. This company has a great deal of personal meaning to me.
6. I owe a great deal to my organization.
7. I am proud to work for this organization.

**Job Satisfaction** (Frye *et al.*, 2020):

1. I feel fairly well satisfied with my present job.

2. I find real enjoyment in work.
3. I get a feeling of accomplishment from my job.
4. I feel that I am happy in my work.
5. I am satisfied with my job for the time being.

## **EMPLOYEE RETENTION**

(Presbitero *et al.*, 2016, Fletcher *et al.*, 2018, Kundu and Lata, 2017, Haldorai, *et al.*, 2019):

1. I am actively looking for alternative employment.
2. I will resign from this organization at the earliest possible opportunity.
3. I may leave this company and work for another company in the next year.
4. I will not change this organization easily.
5. I plan to stay in this company to develop my career for a long time.
6. I would like to still be working in this organization in 5 years time.

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